



U.S. Department of Justice

*United States Attorney
Eastern District of New York*

DSS/CMT
F. #2009R02380

271 Cadman Plaza East
Brooklyn, New York 11201

July 1, 2015

By ECF

The Honorable John Gleeson
United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: United States v. HSBC Bank USA, N.A. and HSBC Holdings plc
(collectively, “HSBC”)
Criminal Docket No. 12-763 (JG)

Dear Judge Gleeson:

Pursuant to the Court’s July 1, 2013 order directing the government to file quarterly reports regarding the implementation of the deferred prosecution agreement (“DPA”) in the above-captioned matter, the government submits this status report.

Over the past three months, the Monitor has continued to work to ensure HSBC’s compliance with the recommendations set forth in the Monitor’s initial anti-money laundering and sanctions compliance review that was submitted in January 2014. In addition, as part of the first annual follow-up report submitted on January 20, 2015, the Monitor made a number of additional recommendations to enhance HSBC’s compliance programs. During the last quarter, HSBC agreed to adopt the recommendations and the Monitor and HSBC agreed on deadlines for the implementation of these recommendations.

The Monitor has also begun work on the second annual follow-up review. The Monitor intends to satisfy his duties in connection with this review through monitoring that will consist of four inter-related components: (1) assessing HSBC Group-level enhancements to HSBC’s anti-money laundering and sanctions compliance program; (2) conducting reviews of eleven separate country operations within HSBC Group; (3) conducting thematic reviews of HSBC’s anti-money laundering and sanctions compliance

program within certain business lines; and (4) assessing HSBC Group's response to the Monitor's recommendations and any other remediation efforts undertaken by HSBC.

In the view of both the government and the Monitor, there are no issues that require the Court's intervention at this time.

Respectfully submitted,

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cc: Counsel for Defendants (via ECF)